

## Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-11  
NSCE-00 SSO-00 USIE-00 INRE-00 DOEE-00 AF-10  
ARA-10 EA-10 EUR-12 NEA-10 OIC-02 /148 W  
-----125813 061511Z /42

O 061446Z MAR 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC IMMEDIATE 6810  
ALL WHEAT NEGOTIATIONS POSTS

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USOECN USEEC USMTN

PASS ELECTRONICALLY AGRICULTURE FOR HATHAWAY, SAYLOR AND  
NOVOTNY; PASS ELECTRONICALLY STR FOR STARKEY

ALL POSTS FOR AGATT

REF.: GENEVA 3309

E.O. 11652: N/A  
TAGS: ETRD EAGR OCON  
SUBJECT: WHEAT CONFERENCE - CHAIRMAN'S CONTACT GROUP  
DISCUSSES FUTURE PLAN OF WORK

1. FOLLOWING IMPASSE IN BOTH WHEAT AND COARSE GRAIN  
SUBCOMMITTEE DISCUSSIONS (SEE REFTTEL), CONFERENCE  
CHAIRMAN DUNKEL CONVENED "CONTACT GROUP" MEETING THURSDAY  
AM 2 MARCH TO 1) TAKE STOCK OF PROGRESS TO DATE AND 2)  
CONSIDER INITIATIVES FOR MOVING AHEAD. SELECTED  
DELEGATIONS REPRESENTING MAJOR IMPORTERS AND EXPORTERS  
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(US, ARGENTINA, AUSTRALIA, CANADA, USSR, KENYA, EEC,  
JAPAN, INDIA, EGYPT, BRAZIL) ATTENDED INFORMAL MEETING  
AT WHICH IT WAS UNDERSTOOD NO FORMAL DECISIONS COULD BE  
TAKEN.

2. CHAIRMAN'S INITIAL REVIEW OF SITUATION CONCLUDED  
THAT WORK OF FOOD AID AND ADMINISTRATIVE COMMITTEES WAS

RUNNING AHEAD BUT THAT PROGRESS IN WHEAT AND COARSE GRAINS SUBCOMMITTEES WAS UNSATISFACTORY. HE STATED THAT DELEGATIONS HAD FAILED TO TACKLE UNRESOLVED ISSUES MUCH LESS OBJECTIVES AND MECHANISMS. CHAIRMAN FURTHER SUGGESTED THAT CONTACT GROUP SHOULD CONSIDER IN MORE DEPTH THE ROLL AND NEEDS OF LDC'S IN CONTEXT OF WHEAT AGREEMENT AND THE QUESTION OF "LINKAGE" BETWEEN FOOD AID AND TRADE AS WELL AS BETWEEN WHEAT AND MTN.

3. COMMENTS BY MAJOR EXPORTERS WERE CONSISTENT IN STRESSING CONCERN OVER LACK OF MEANINGFUL MOVEMENT IN WHEAT TALKS IN SPITE OF HIGH LEVEL OF AGREEMENT RE OBJECTIVES, STOCKS AND INDICATIVE PRICES. US AND OTHERS ALSO POINTED OUT THAT THE EC COARSE GRAINS PROPOSAL HAD BEEN CONSIDERED AND FOUND TO BE UNFEASIBLE IN A TECHNICAL SENSE. THE EXPORTERS DID HOWEVER MAKE POSITIVE STATEMENTS ABOUT WILLINGNESS TO DISCUSS OTHER IDEAS AND URGED EC TO COME FORWARD WITH NEW INITIATIVES. WITH RESPECT TO WHEAT CONFERENCE-MTN "LINKAGE" CANADA, US AND AUSTRALIA STATED THAT THERE WAS NONE. JAPAN REAFFIRMED THEIR POSITION THAT OUTCOME OF WHSAT MEETINGS MUST BE DULY ASSESSED IN MTN.

4. EC (PIZUTTI) INTERVENTION CONFIRMED THEIR DIS-SATISFACTION WITH US "LIMITED INTEREST" IN COARSE GRAINS AND LINKED THIS US POSITION TO EC "DIFFICULTY" LIMITED OFFICIAL USE

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WITH CONTINUING FORMAL TALKS. "INSUFFICIENT QUALITY OF PARTICIPATION" BY OTHER DELEGATIONS, I.E., NO HEADS OF DELEGATIONS AT COARSE GRAINS SUB-COMMITTEE MEETINGS WAS ALSO CITED BY EC. FINALLY, EC EMPHASIZED THAT THEY HAD FULFILLED OBLIGATIONS RE COARSE GRAINS BY TABLING AND DEFENDING PROPOSAL AND THAT NEW INITIATIVES MUST COME FROM OTHER DELEGATIONS. ON WHEAT, EC REITERATED NEED TO DISCUSS GENERAL PROVISIONS FIRST AND TECHNICAL MECHANICS SECOND. PIZUTTI INTERPRETED CURRENT SITUATION AS "DIFFICULT" RATHER THAN "CRITICAL".

5. DURING COURSE OF MEETING, CHAIRMAN DUNKEL EXPRESSED SURPRISING LACK OF UNDERSTANDING RE KEY ISSUES (E.G. "WHAT IS PURPOSE OF RESERVES?") AND VACILLATED NUMEROUS TIMES ON QUESTION OF APPROACH FOR FURTHER ACTION, I.E., PRINCIPLES VS MECHANICS. ALTHOUGH HIS OPENING REMARKS SUGGESTED THAT HE WOULD PREFER THE CONFERENCE TO TACKLE SUBSTANTIVE ISSUES BEFORE THE MECHANICAL ASPECTS, HIS FINAL CONCLUSION WAS TO 1) RECONVENE SUBCOMMITTEE WORK ON MARCH 3 WITH INTENTION TO DISCUSS BASIC PRINCIPLES AS WELL AS TECHNICAL DETAILS, 2) CONTINUE TO DISCUSS DIFFERENCES OVER KEY ISSUES IN UNOFFICIAL MEETINGS, 3)

TABLE DOCUMENTS WHICH WOULD PROVIDE IMPETUS TO TALKS,  
AND 4) TAKE STOCK WITHIN CONTACT GROUP AROUND MARCH 9  
OR 10.

6. GIVEN THAT THIS CONCLUDING SUGGESTION WAS FAVORABLE  
TO U.S. AND OTHER EXPORTER POSITIONS BUT ESSENTIALLY  
UNCHANGED FROM THE STATE OF PLAY WHICH PROMPTED THE  
CONTACT GROUP MEETING IN THE FIRST PLACE, THE EC REACTION  
WAS TO SUGGEST THAT MEETINGS DURING THE PERIOD MARCH 3-  
MARCH 10 BE SUSPENDED. MEETING BEGAN TO UNRAVEL IN  
SERIES OF DISORDERLY EXCHANGES BETWEEN CHAIRMAN AND  
PIZUTTI, AS WELL AS BETWEEN PIZUTTI AND OTHER DELEGATES  
WITHOUT BENEFIT OF MICROPHONES OR TRANSLATION.

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7. COMPROMISE SOLUTION WAS TO SUSPEND FURTHER MEETINGS  
UNTIL MONDAY, MARCH 6. EC THEN SUGGESTED SUSPENSION OF  
DISTRIBUTION OF TECHNICAL PAPERS FOR PERIOD MARCH 6-8  
BUT THIS WAS NOT SERIOUSLY DISCUSSED NOR PURSUED.

8. COMMENT: COMMENTS BY DUNKEL AND OTHERS MADE CLEAR  
THAT FUNDAMENTAL ISSUES AND RELATED MECHANICAL ELEMENTS  
ARE CLOSELY INTERRELATED TO THE POINT WHERE ONE CANNOT  
BE DISCUSSED IN ISOLATION OF THE OTHER. ALTHOUGH ON  
THE SURFACE MEETING DID LITTLE TO DEVELOP CONCRETE  
IDEAS FOR BREAKING STALEMATE, DISCUSSION SUCCESSFULLY  
SET STAGE FOR POSSIBLE PROGRESS BEGINNING MONDAY MARCH  
6. US AND OTHER EXPORTERS PLAN TO REVIEW "PRINCIPLES"  
ON MARCH 6 AND TO DISCUSS RESERVE SHARES ON MARCH 7.  
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## Message Attributes

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